SUPPLEMENTAL CONTRACT

FOR THE

CQUISITION AND INSTALLATION OF SPECIAL ADMITIONAL PLANT EQUIPMENT AND FACILITIES REQUIRED TO EXPENTE THE NATIONAL DEFENSE PROGRAM

This contract entered into this win day of September 1940, by the United States of America, periodic called the Department, represented by the contracting other executing this contract, and the Federal Shipbuilding and Dry Dock Company, a comparation organized and existing ader the laws of the State of New Jersey, and doing business at Rearny, in the State of New ersey, hereinafter called the contractor, Weenlessern Thire

Whereas, Pursuant to the previsions of existing laws, the Secretary of the Navy has warded to the contractor the following contracts for the construction of the navel vessels pecified hereunder in its shapbuilding plant located at Keurny, New Jersey:

Contract NOd-1430 for the Construction of Destroyers Nos. DD155 and 456.

Contract NOd-1432 for the Construction of Destroyers Nos. DD452 and 482.

Contract NOd-1433 for the Construction of Destroyers Nos. DD445 to 448, inclusive, and DD465 and 466.

Contract NOd-1497 for the Construction of Light Cruisers Nos. CL84 to 88, inclusive.

Contract NOd-1500 for the Construction of Destroyers Nos. DD483 to 490, inclusive.

Contract NOd-1563 for the Construction of Destroyers Nos. DD498 to 502, inclusive.

Contract NOd-1504 for the Construction of Destroyers Nos. DD503 and 504.

Contract NOd-1505 for the Construction of Destroyers Nos. DD505 and 506.

AND WHEREAS, Section 8 (b) of the Act of June 28, 1940 (Public, No. 671, 76th Cong., 3d s.), entitled "An Act to Expedite National Defense, and For Other Purposes," provides that benever the Secretary of the Navy finds it impossible to make contracts or obtain facilities to sectuate the purposes of this Act in the procurement or construction of items authorized in inection with National Defense he is authorized to provide, out of appropriations available the Department for such purposes, the necessary buildings, facilities, utilities, and appurhances thereto on Government-owned land or elsewhere, and to operate them, either by means Government personnel, or otherwise; and

WHEREAS, The public exigency, in the national emergency declared by the President on tember 8, 1939, to exist, makes it necessary, in the judgment of the Secretary of the Navy, and appurtenances be provided at the plant of the entractor; and

Transmas, Pursuant to the aforesaid provisions of the Act of June 28, 1940 (Public, No. 671, the Corg., 3d sess.), the Secretary of the Navy finds it impossible to obtain facilities required impedite the construction of the aforesaid naval vessels; except in the manner contemplated that statute and as hereinafter provided; and

WHEREAS, The funds are available for the purposes of this contract in the First Supple-tial, National Defense Appropriation Act, 1941, approved June 26, 1940 (Public, No. 667, Ch. Cong., 3d sess.), and the Second Supplemental National Defense Appropriation Act, 1941, proved September 9, 1940 (Public, No. 781, 76th Cong., 3d sess.).

Now, THEREFORE, THE PARTIES HERETO DO MUTCALLY AGREE AS FOLLOWS:

ABTICLE I. The contractor shall, subject to the terms and conditions of this contract, scope of sont comply erect, furnish and/or install the buildings, utilities, facilities, and appurtenances thereto, contribed in Exhibit I attached to and forming a part of this contract and hereinafter sometimes Mectively referred to as the Facilities.

ART. 2. The contractor shall as soon as practicable after the date hereof prepare and submit approval by the Department, represented for this purpose by the Supervisor of Shipbuilding the plant of the contractor, detailed plans and specifications covering each item identified in biblit I hereof and conforming to the limitations imposed by the maximum total estimated set and other data contained in said Exhibit I. After obtaining approval, the contractor shall comptly proceed to acquire and assemble the necessary materials and equipment required to etc., furnish, and/or install each item identified in said Exhibit I in accordance with and approved plans and specifications, and shall diligently prosecute to completion the work construction, erection, and/or installation of such item. Where practicable the contractor all obtain from responsible firms or individuals, competent to furnish the materials or equipand open responsible trains of individuals, competent to furnish the materials or equip-int or to undertake the work involved or any part thereof, competitive bids for all materials, inputed to the lowest satisfactory cours: Provided, That, as a condition precedent to the award of any order hereunder, it shall the approval of the Supervisor of Shipbuilding. And provided further, That the sum of coorsts incurred by it in the performance of this contract shall in no event exceed the sum the maximum total estimated costs shown in Exhibit I hereof unless such total estimated as shall be increased in accordance with Article 4 hereof.

manship determined to be defective and require correction or replacement thereof at no experi to the Department if avoidable by due and reasonable diligence of the contractor. ART. 4. The Department, represented for this purpose by the Chief of the Bureau of Shire

or, in the case of changes not involving a change in the scope or an increase in the total estimates or, in the case of changes not myorying a change and proceed representative, may by the cost. by the Supervisor it suppose that it is identified in Exhibit I hereof. When the changes are made Exhibit I shall be modified accordingly, and the sum of the estimated comshown thereon shall be decreased or increased so as to reflect the costs of such changes and mated: Provided, however, That no changes shall be made in any item of Exhibit I which inches a reduction in the estimated cost of such item below the actual costs and authorized comits ments incurred by the contractor or any subcontractor with respect to such item prior is the receipt of the change order.

Changes

ART. 5. (a) The true cost to be paid by the Department shall be determined by the Compensation Board, and the decision of such Board or a majority thereof shall be binding on the parties hereto. In determining such true cost the Compensation Board shall, subject to the provisions of this Article, employ the accounting methods for determining costs as set forth in the Regulations promulgated by the Treasury Department and approved by the Secretary the Navy August 6, 1940 (T. D. 5000).

(b) The true cost of the Facilities provided for hereunder to be paid by the Department shall

not include any profit to the contractor.

(c) The contractor shall, to the extent of its ability, take all trade discounts, rebates, allowances, credits, salvage values, commissions and bonifications available to the contractor, and unable to take advantage of any such benefits it shall promptly notify the Department in white to that effect and the reason therefor. In determining the net cost of articles and materials every kind required for the purpose of this contract, there shall be deducted from the gross con thereof all such trade discounts, rebates, allowances, credits, salvage values, commissions and bonifications which have accrued to the benefit of the contractor or would have so accrued except for the fault or neglect of the contractor. Such benefits lost through no fault or neglect on the part of the contractor shall not be deducted from gross costs.

(d) The true cost of performance of this contract shall in no event exceed the sum of the total estimated costs of all items identified in Exhibit I hereof, unless such total estimated costs

are revised in accordance with Article 4 hereof.

ART. 6. (a) The contractor shall maintain accurate accounts and records appertaining the performance of this contract, and such accounts and records shall be open, at all times, to the Department and its representatives. Statements and returns relative to expenditures shall be made as and when directed by the Department. All information obtained from the contracted accounts and records will be treated as confidential.

(b) The Facilities shall be positively and adequately identified.

ART. 7. (a) The contractor shall be paid without profit, as full compensation under the contract, the true cost of performance thereof, said true cost being determined in the manner provided in Article 5 hereof.

(b) The Department will make semi-monthly payments, as earned, for the Facilities to be constructed and furnished in accordance with this contract, within 15 days after received certified bills to cover costs, as determined by the Compensation Board, incurred by the tractor during the preceding month: Provided, That payments may be made more frequently expenditures by the contractor justify such action.

(c) As partial payments are made under this contract, the items on which payments have been made shall thereupon become the sole property of the United States of America, but the provision shall not be construed as relieving the contractor from the responsibility for the car and preservation of this property as provided for in Article 8 of this contract, or as a waiver of the Day of th right of the Department to require the fulfillment of all of the terms of this contract.

(d) Upon completion of the erection, furnishing, and/or installation of the items identified in Exhibit I hereof, final payment of the balance due to the contractor hereunder shall be paid. With its application for such balance due, the contractor shall submit a release in such form said containing such provisions as shall be approved by the Department. The title to all the Facilities provided for hereunder shall be in the United States of America. The contractor shall record the Government's interest as much the United States of America. the Government's interest as may be required by the Secretary of the Navy in the Facilities and shall take all necessary steps to give to third parties notice of such interest. No claim shall of filed by the contractor under this article later than three months after the final determination of

cost by the Compensation Board.

(c) When payment is to be made hereunder, the Secretary of the Navy, as a condition precedent to making such payments, may, in his discretion, require that affidavits satisfactor to him be furnished by the contractor showing what, if any, liens or rights in r m of any kind against sucl. Facilities or the materials or equipment on lead for use in the construction thered have been or can be acquired for or on account of any work done, or any materials or equipment already incorporated as a part of the Facilities, or on hand for that pure-set but it is hereby are ther sepulated, covenanted, and agreed by the contractor, for each had on its own account and for and on account of all persons, fires, associations, or expectations for state labor and or restricted for the Eastlein persons, fires, associations, or expectations for state labor and or patterns for the Eastlein persons. must rial for the Facilities, and this contract is many the expensions for relating and on the rate of any kind and the contract is many the expension that he had no late of rates in rear of any kind shall lie or at tach upon or against the Fountain of caterals or equipment therefor, or any positions of the or at tach upon or against the Fountain or caterals or equipment.

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